

DIMETHAID REPORTS NEGATIVE RESULTS FOR PHASE III HIV/AIDS STUDY

TORONTO, Ontario, July 14, 2004 – Pharmaceutical developer Dimethaid Research Inc. (TSX: DMX) has completed initial analysis of data from a Phase III study showing that immune regulating drug WF10 failed to meet primary endpoints. An independent statistician, appointed by Oxo Chemie AG, has confirmed Dimethaid's analysis.

The study, conducted in 229 late-stage HIV/AIDS patients at 32 sites across the U.S. and Canada, indicated no statistical difference between WF10 and placebo in affecting the time to onset of clinical progression, defined as any new AIDS-defining event or death.

"Although this study raises questions about WF10 as an AIDS treatment, we have always believed, and still believe, the drug has potential in autoimmune diseases and oncology," said Rebecca E. Keeler, president and CEO. "However, given these results and the financial pressures resulting from recent dissident shareholder actions, the company will not proceed with additional WF10 development at this time."

The randomized, double-blinded, placebo-controlled, 96-week study designed by Oxo was limited to late-stage AIDS patients with CD4+ counts below 50 cells per cubic millilitre of blood. The last patient completed the trial in September 2001, prior to Dimethaid's acquisition of the Swiss-based company. A contract research organization, hired by Oxo to conduct the trial and collect patient information, transferred final data and case report forms to Dimethaid between March and May 2004. Dimethaid then completed the compilation of new AIDS-defining events with an independent endpoint committee before breaking the randomization code.

Previous WF10 clinical studies, conducted between 1993 and 1996, established the safe dosing range and investigated the immunological changes resulting from WF10 treatment. In 1995, a placebo-controlled Phase II trial with 19 late-stage AIDS patients at Vanderbilt University showed a statistically significant improvement in survival, along with fewer hospitalizations and deaths.

Over the next few weeks, Dimethaid will continue to analyze the most recent study's secondary endpoints, which include the number and duration of hospitalizations, as well as the density of CD38+ antigen markers on CD8 T-cells. Dimethaid will also re-evaluate WF10's future business potential and its position in the company's long-term development pipeline.

About Dimethaid Research Inc.

Dimethaid Research Inc. is a publicly traded, Canadian, pharmaceutical company headquartered in Markham, Ontario, with manufacturing facilities in Varennes, Québec and Wanzleben, Germany. The company develops and commercializes targeted therapeutic drugs designed to produce minimal side effects. Dimethaid's two technology platforms focus on transcellular drug delivery and immune system regulation. Products are aimed at expanding treatment options in rheumatology, oncology, immunology, and the therapeutic management of chronic viral infections. For more information, please visit www.dimethaid.com.

This release may contain forward-looking statements, subject to risks and uncertainties beyond management's control. Actual results could differ materially from those expressed here. Risk factors are discussed in the Company's annual information form filed with the securities commissions in each of the provinces of Canada. The Company undertakes no obligation to revise forward-looking statements in light of future events.

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